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**JEROME E. HORTON**  
VICE CHAIR  
CALIFORNIA STATE BOARD OF EQUALIZATION

January 12, 2010

Mr. Ray Hirsig, Executive Director  
California State Board of Equalization  
450 N Street, MIC: 73  
Sacramento, CA 95814

Mrs. Selvi Stanislaus, Executive Officer  
Franchise Tax Board  
P. O. Box 115  
Rancho Cordova, CA 95741-0115

Ms. Pam Harris, Chief Deputy Director  
Employment Development Department  
800 Capitol Mall, MIC: 83  
Sacramento, CA 95814

Dear Mr. Hirsig, Mrs. Stanislaus and Ms. Harris:

I write to urge the three tax agencies, the California State Board of Equalization, the Franchise Tax Board and the Employment Development Department to launch an internal initiative to collectively and strategically build our capacity to identify signs of potential human trafficking as we carry out our day to day responsibilities.

My office has forged a partnership with the Coalition to Abolish Slavery and Human Trafficking (CAST) and I am confident that they are equipped to assist you in developing and implementing a training and continuous education program for the state's auditors and investigators related to recognizing and reporting the signs of potential human trafficking. Such training will empower our auditors and investigators to not only enforce the tax laws and collect what is due from these underground economy operations, but assist in the state and national effort to eradicate human trafficking.

As you are aware, Los Angeles is one of the top three destination cities in the United States for human trafficking. California is one of the top four destination states. Moreover, the tragedy of human trafficking has a very real impact on the taxes that our agencies are responsible for administering. Employers who exploit workers in this way inevitably engage in illegal tax evasion – they fail to pay their employment taxes and insurance, their income tax, and their sales



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Mr. Hirsig, Mrs. Stanislaus and Ms. Harris

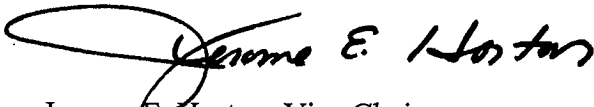
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and use tax. This is a large, and growing, part of the underground economy that has undermined California's legitimate businesses and government services for a long time.

Leah Wyman, of my office, will contact you in the near future regarding this request. If you need to speak with her before that time, please contact her by email at [Leah.Wyman@boe.ca.gov](mailto:Leah.Wyman@boe.ca.gov) or telephone at 323-980-1221.

I look forward to our partnership on this important initiative.

Sincerely,

A handwritten signature in black ink, reading "Jerome E. Horton". The signature is written in a cursive style with a large, looping initial "J".

Jerome E. Horton, Vice Chairperson  
4<sup>th</sup> District, Board Member

Copy: Ms. Betty Yee, Chairwoman